



Health Insurance Association of America

Donald A. Young, M.D.
President

June 18, 2002

The Honorable Bill Thomas
Chair
Committee on Ways and Means
US House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

On behalf of the members of the Health Insurance Association of America, I am writing to applaud your work to create a prescription drug benefit for Medicare beneficiaries.

We are very supportive of your efforts to draw on the strengths and efficiencies of the private market in the delivery of Medicare benefits. As you are aware, two years ago we voiced concerns about the structure of your bill. The Medicare Modernization and Prescription Drug Act, sponsored by Chairwoman Johnson, is a substantial improvement over earlier proposals. The federal subsidy of the cost of the new benefit has been increased significantly to 65%; the benefits are more generous, including lower up-front cost sharing for beneficiaries and greater protection against catastrophic drug expenses; and the estimated monthly premium has dropped.

The improvements contained in the proposal should make the benefit more attractive to Medicare beneficiaries. We understand that the Congressional Budget Office has indicated that a very large share of Medicare enrollees will elect to participate in the prescription drug program. Consequently, there is now a much better chance that our members will offer the benefit. I congratulate you on taking the lead in providing financial assistance to seniors to help them with the high costs of prescription drugs.

We also are pleased that the proposal preserves the Medigap products relied upon by millions of seniors and shores up the Medicare+Choice program. Maintaining both the Medigap and Medicare+Choice programs, together with the new prescription drug benefit, will give seniors a broader choice of products and added peace of mind that they are protected against the high cost of illness.

We look forward to continuing to work with you on improvements to the Medicare program.

Sincerely,

A handwritten signature in black ink, appearing to read "Don Young", is written over a horizontal line. The signature is fluid and cursive.